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C O N F I D E N T I A L SECTION 01 OF 02 MUSCAT 000880

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TAGS: [PREL](#) [SENV](#) [MU](#)

SUBJECT: MIDDLE EAST DESALINATION RESEARCH CENTER 23RD
EXECUTIVE COUNCIL MEETING APPROVES A MORE REALISTIC BUDGET
AND SELECTS A NEW DIRECTOR

Classified By: Classified by DCM L. Victor Hurtado for reasons 1.4 (b,d
)

[¶1.](#) (U) This message contains action requests. See paragraph
[¶5.](#)

[¶2.](#) (C) SUMMARY: Meeting in Muscat December 15-16, the Middle East Desalination Research Center (MEDRC) Executive Council (EC) reached consensus on a more realistic budget for the coming year and the need for MEDRC to become more self-sustaining in the future by seeking diversification of its revenue streams. At the same time, all delegations realized that, in the immediate future in an uncertain global economic environment, MEDRC would continue to rely primarily on traditional funding sources. With this as background, the EC selected a veteran Dutch diplomat, Ambassador Ronald Alexander Mollinger, as the best of five finalist candidates for MEDRC Director to begin the process of setting a new, more sustainable course for MEDRC, one of the remaining institutions of the Multilateral Track of the Middle East Peace Process. END SUMMARY.

[¶3.](#) (C) EC MEETING: MFA Secretary General and MEDRC Chairman Sayyid Badr bin Hamad bin Humud al-Busaidi convened the EC December 15. During the morning session, outgoing MEDRC Director Koussai Quteishat reviewed the previous year,s operations reviewing the decisions of the 22nd meeting, the status of research, capacity building, communications-outreach, and administration-finance. During the budget review, many councilors noted a persistent misalignment between approved budgets and actual spending with the result that MEDRC almost always under spent its budget. Asked why, the Director responded that the funds were not available. Hearing this, the U.S. side made a motion that the 2009 budget be set at \$2.0 million rather than the \$2.6 million requested. The new number was roughly in line with actual spending in the years immediately preceding 2009. The motion passed unanimously. (NB: While this is a more rational budget than those previously approved, the new Director faces a significant shortfall in [¶2010](#). The EC, however, did not seem prepared to consider a more severe budget reduction at this meeting.)

[¶4.](#) (C) THE FUTURE OF MEDRC/EXECUTIVE SESSION: In an afternoon session that included a discussion of MEDRC,s next decade and an executive session without MEDRC staff and experts, the EC acknowledged that the outgoing director had successfully led MEDRC through an important period, but that MEDRC was at a new stage. Further, MEDRC had survived the years since the suspension of the Multilateral Track because all parties, especially core parties Israel and Palestine, saw MEDRC as addressing both political-environmental realities. Looking to the future, all parties agreed that MEDRC must become less reliant on state sponsorship and increasingly self-sustaining. The way forward would include

seeking new EC members with their associated membership donations, approaches to IO, NGOs, foundations/philanthropic institutions and private individuals, pay/sponsorship for specific research projects, and charges for services, literature and training (with "scholarships" for those who cannot pay). At the same time, all agreed that MEDRC would be reliant on state funding in the immediate future. The U.S. delegation summed up the consensus view that these objectives must be taken into account in selecting the next Director. Sayyid Badr agreed and noted that he had personally reduced a list of 20 applicants to five finalists and that he would accept any one of the final five the EC selected. The EC agreed that the 24th EC meeting will take place in Oman on June 22, 2009. Sayyid Badr held out the possibility that the meeting would be held outside of Muscat at Jabal al-Akhdar where the temperatures would be more moderate.

15. (C) SELECTING A NEW DIRECTOR: The EC met December 16 under the direction of Sayyid Badr deputy Ambassador Lyutha al-Mughairi (NB: Lyutha is the sister of Omani Ambassador to the U.S.. Hunaina al-Mughairi.) to select the next MEDRC director. The EC listened to presentations and interviewed each candidate one by one. There was strong consensus that the Dutch candidate, veteran diplomat Ambassador Ronald Alexander Mollinger was best candidate to direct MEDRC in the coming years. (NB: The MEDRC contract will be for three years, renewable for an additional three years.) Most believed that with his regional experience and demonstrated ability to work at high levels would be important to begin MEDRC's transition to self-sustainability while still having access to state funding. In corridor conversation it became

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clear that some delegations saw Mollinger as a transisitional figure and not the long-term solution. In this regard, Dr. Nidal Hillal, a UK citizen of Syrian origin and somewhat of a dark hourse, impressed all with his candidacy and was the second choice by consensus should Mollinger not accept the position. Hillal impressed all with his experience in establishing, attracting funding, and running the Center for Clean Water Technologies at the University of Nottingham, a center roughly similar in size and funding to MEDRC. His technical background is of an extremely high caliber and he has performed work in association with MEDRC. If Mollinger does indeed play a ransistional role, Hillal could re-emerge as a potential director candidate. Interestingly, the Qatari councilor put down a marker that strong consideration should be given to a regional candidate after Mollinger completed his tenure.

16. (C) ACTION ITEMS: As part of discussions on December 15, the Chair asked all council members to review with their governments an informal Qatari proposal "to set up a restricted fund into which members of the Council will contribute towards a total of say \$100 million. For the of this fund, the Center will open an interest bearing account. Interest generated on the principal can be used by the Center whilst the principal remains (in) the ownership of the contributing member. The contributing member can withdraw their invested amount after early warning and justification, hence making the commitment performance based. All the delegations undertook to pass the proposal back to their governments, but the U.S. and Dutch noted that the prospects for approval where minimal. Nevertheless, the U.S. Councilor should be prepared to present the U.S. postion on this proposal at the 24th meeting. More importantly, the MEDRC leadership noted that Spain and, even more imminently, Italy had agreed to join the EC with the attendant full donation. The Chair asked that EC members approach Rome and Madrid to urge MEDRC EC membership as soon as possible. All EC members agreed to request that their governments do so.

17. (U) PARTICIPANTS:

Executive Council:
Oman:

H.E. Sayyid Badr bin Hamad

al-Busaidi

(Chairman)
USA:

Mr. Victor Hurtado
(for Connie Arvis,

NEA/RA)

Japan:

Mr. Mashiro Mikami

Israel:

Mr. Daniel Nevo

Korea:

Mr. Jong-Soo Kim

PA:

Mr. Shaddad Attili

Jordan:

Mr. Fayez Bataineh

Netherlands:

H.E. Henrietta van Lynden

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Mr. Fahed Al Muhannadi

Technical Representatives:

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Mr. Kevin Price

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Mr. Oded Fixler

Netherlands:

Prof. Jan Schippers

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Mr. Rebhi El Sheikh

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In Attendance:

Embassy of Japan:

Mr. Hideki Yamaji

Ministry of Foreign Affairs, Oman: H.E. Lyutha

Al-Mughairi

Ministry of Foreign Affairs, Oman: Mr. Sameh Al-Amri

Center Staff:

Mr. Koussai Quteishat, Director

Ms. Shannon McCarthy, Associate Director for Development

GRAPPO